

Patricia M. French
Senior Attorney



300 Friberg Parkway
Westborough, Massachusetts 01581
(508) 836-7394
(508) 836-7039 (facsimile)
pfrench@nisource.com

May 23, 2005

BY OVERNIGHT COURIER AND E-FILE

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, MA 02110

Re: Bay State Gas Company, D.T.E. 05-27

Dear Ms. Cottrell:

Enclosed for filing, on behalf of Bay State Gas Company ("Bay State"), please find Bay State's responses to the following information requests of the Department of Telecommunications and Energy:

DTE-01-10	DTE-01-11	DTE-01-13	DTE-01-14
DTE-01-15	DTE-01-15	DTE-03-18	

Please do not hesitate to telephone me with any questions whatsoever.

Very truly yours,

Patricia M. French

cc: Caroline O'Brien Bulger, Esq., Hearing Officer (1 copy)
A. John Sullivan, DTE (7 copies)
Andreas Thanos, Ass't Director, Gas Division
Alexander Cochis, Assistant Attorney General (4 copies)

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
FIRST SET OF INFORMATION REQUESTS FROM THE D.T.E.
D. T. E. 05-27

Date: May 23, 2005

Responsible: Steven A. Barkauskas, Vice President Total Rewards

DTE 1-10 Refer to Exh. BSG/SAB-1, at 48. Please provide the projected amount of qualified pension expense for the year 2005.

Response: The projected gross amount of qualified pension cost allocated to Bay State for 2005 is \$4,023,000. This quantity is not adjusted for amounts allocated to/from NCSC and Northern, amounts allocated to capital projects and amounts associated with non-utility operations.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
FIRST SET OF INFORMATION REQUESTS FROM THE D.T.E.
D. T. E. 05-27

Date: May 23, 2005

Responsible: Steven A. Barkauskas, Vice President Total Rewards

- DTE 1-11 Refer to Exh. BSG/SAB-1, at 49. Please confirm whether the additional minimum liability represents:
- (A) the sum of prepaid pension balances net of amounts deferred as unamortized prior service costs; or
 - (B) prepaid pension balances plus any under funding in the Company's qualified pension plan, net of applicable deferred income taxes.

Response: As stated in Exh. BSG/SAB-1, the additional minimum liability refers to a combination of (A) and (B) above. The liability itself is the unfunded accumulated benefit obligation ("UABO"), plus any prepaid amounts in existence at the balance sheet date, as defined in paragraph 36 of SFAS No. 87. The other side of the accounting entry that establishes the liability is the sum of the UABO plus (A) shown above, all net of applicable deferred income taxes. This calculation is described in paragraph 37 of SFAS No. 87.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
FIRST SET OF INFORMATION REQUESTS FROM THE D.T.E.
D. T. E. 05-27

Date: May 23, 2005

Responsible: Steven A. Barkauskas, Vice President Total Rewards

DTE 1-13 Refer to Exh. BSG/SAB-1, at 50. Please confirm whether the establishment of a regulatory asset for the Company's additional minimum liability would include prepaid pension and PBOP balances.

Response: The regulatory asset related to the AML would not include PBOP amounts, since the concept of the AML is promulgated in SFAS No. 87, which covers the accounting for pensions. To the extent that the amount of the AML involves a write-off of prepaid pension amounts that exceed the amount of any unrecognized prior service cost, the excess of the prepaid amount would be recognized as an addition to the regulatory asset.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
FIRST SET OF INFORMATION REQUESTS FROM THE D.T.E.
D. T. E. 05-27

Date: May 23, 2005

Responsible: Steven A. Barkauskas, Vice President Total Rewards

DTE 1-14 Refer to Exh. BSG/SAB-1, at 50. Please explain, in detail, the \$7,514,027 (i.e., \$26,825,928 minus \$19,311,901) charge to the intangible asset account.

Response: The \$7,514,027 intangible asset represents the amount of unrecognized prior service cost associated with the Bay State pension plans at December 31, 2004. This amount was derived by measuring the level of prepaid pension cost up to the amount of unrecognized prior service cost.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
FIRST SET OF INFORMATION REQUESTS FROM THE D.T.E.
D. T. E. 05-27

Date: May 23, 2005

Responsible: Steven A. Barkauskas, Vice President Total Rewards

DTE 1-15 Refer to Exh. BSG/SAB-1, at 50. Does the Company anticipate an additional minimum liability as of December 31, 2005?

Response: The recognition, at December 31 2005, of any adjustment to the AML already recognized at December 31, 2004 would be affected mainly by near-term changes in the discount rates and asset returns, which determine the measurement of the accumulated benefit obligation and trust assets used to measure the AML.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
THIRD SET OF INFORMATION REQUESTS FROM THE D.T.E.
D. T. E. 05-27

Date: May 23, 2005

Responsible: Danny G. Cote, General Manager

DTE-3-18 Refer to Exh. BSG/DGC-5. Please provide with supporting documentation and work papers for the following:

- 1) the length of mains and the number of services, tie overs, and meters and regulators for the Brockton, Lawrence, and Springfield service areas;
- 2) estimates of the average direct cost per unit for each category of cost for the Brockton, Lawrence, and Springfield service areas.

Response:

- 1) The requested information by service division is provided below in Table DTE-3-18 (a).

Table DTE-3-18 (a)

Division	Main Footage	Services	Tie-overs	Meters & Regs.
Brockton	1,939,292	18128	4650	16128
Springfield	738,777	7085	1771	6144
Lawrence	400,171	3837	959	3328
	3,078,240	29,520	7380	25,600

- 2) The Company did not create separate average direct unit costs per material category for each division, because the work by location is so similar, and the contractors competing for work are the same across all of Bay State's divisions. Rather, Bay State used an overall average to estimate direct unit costs per material category.

Based on the Company's years of experience with replacing its unprotected steel infrastructure, Bay State believes that this methodology will provide a sound basis for estimating the cost of its Steel Infrastructure Replacement ("SIR") program. That said, the Company fully expects to incorporate whatever lessons it learns during 2005 and beyond to improve its cost estimates by division to reflect actual experience.

Bay State's overall estimated average direct unit cost per material category is provided below in Table DTE-3-18 (b).

Table DTE-3-18 (b)

	Main Replacement (Per Foot)	Service Replacement	Service Tie-over	Meters & Regulators
Unit costs	\$60.00	\$1,310.00	\$946.00	\$112.00